



PARTNERING TO DRIVE EFFICIENCY & PROFITABILITY

August 26th, 2020

Perception is reality, but unfortunately, perception is not the truth. This is a proven statement in the lumber business, specifically with hardwood strips. Sometimes you have to peel back the bark to find the true reality of the situation.

Many manufacturers decide to just buy a truckload of 1x2 common maple. This decision is usually driven because of in-house capabilities, and the perceived lower cost of the raw lumber. The perception is by controlling the processes internally, money is being saved - the truth is much different. Once input costs, storage, and waste are factored in, the raw cost of the truckload perception changes. Then you add labor costs and account for the cyclical nature of manufacturing capacity, coupled with machine maintenance, the perception again drastically changes. The argument then becomes a matter of controlling the process.

The true reality is that by partnering with Bingaman Lumber, customers do have control of the process. Customers specify the species, color, size, and quality standards and Bingaman delivers material that meets those specifications on time. Bingaman strives to become more than just another supplier to our customers, but a reliable manufacturing partner. Bingaman's hardwood strips are a perfect example of

how customers can increase their manufacturing margins while increasing manufacturing capacity and saving on labor.

Consider a chair manufacturer, for example. Traditionally the manufacturer bought raw material by the truckload. They chopped, ripped, and surfaced all inhouse. When they reach max capacity, they are forced to make a decision between internal expansion or third party help. They choose to set up a series of vendors to assist. This ends up equating to several calls and days later the needed material arrives. It solves overflow capacity issues but creates internal headaches and long lead times. Out of frustration they shop different suppliers and call Bingaman.

The first thing Bingaman does is to assess the current manufacturing situation and evaluate positive solutions to any current problems. Bingaman formulates a specific plan for the chair manufacturer. Instead of just simply delivering raw product, Bingaman delivers strips that have already undergone secondary manufacturing and are ready to go directly to the molder. Furthermore, through the initial evaluation, Bingaman is able to provide ratio orders that pinpoint the exact measurements and material needed to produce one chair. The chair manufacturer now has eliminated waste costs, machinery expenses, and can redirect labor cost to ramp up manufacturing bottlenecks further down the line. In addition, Bingaman becomes a logistical partner since storage is not needed and material is delivered through Bingaman's in-house truck fleet.

Challenge your perception. Think beyond the cost of your raw material and evaluate every aspect of your processes and where you could minimize expenses. Bingaman Lumber is here to help explore how our customers can become more efficient and profitable.